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SPECIAL ESTIMATE

PROBABLE DEVELOPMENTS IN THE WORLD SITUATION THROUGH MID-1953



SE - 13

Published 24 September 1951

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CENTRAL INTELLIGENCE AGENCY

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Deputy Director for Research
Bureau of Intelligence and Research

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Revised Paragraph 2b of SE-13 Approved by the
Intelligence Advisory Committee on 27 September 1951

b. Atomic Capabilities. ¹ While Soviet atomic capabilities will remain inferior to those of the US, it is estimated that the Soviet stockpile of atomic weapons (some of which might have an energy yield as high as 100 kilotons) will increase as follows:

Present	-	50
Mid-1952	-	100
Mid-1953	-	200

At present the Soviet air force has an estimated T/O and E strength of about 600 to 700 TU-4 medium bombers capable of one-way missions, carrying atomic bombs, to practically all important targets in the US. Although there is no evidence that the USSR has developed aerial refueling techniques, with such techniques these aircraft may be capable

1/ The following factors must be considered in connection with the above estimate of Soviet atomic capabilities:

(a) The number and/or size of the production facilities postulated as a basis for this estimate may be incorrect. The minimum program, which is not inconsistent with the information available, would provide a stockpile of about one-half the number of weapons indicated. On the other hand, from the information available at the present time, the possibility that additional or expanded production facilities will be constructed during the period under consideration cannot be precluded.

(b) The type of weapon postulated for calculating the stockpile figures may be incorrect. It is possible by changing the weapon design to substantially increase or decrease the number of weapons in the stockpile, given a certain quantity of fissionable material. Such changes, however, alter the kilotonnage of the individual weapons accordingly.

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of two-way missions to most important US targets. By mid-1952 the USSR may have approximately 1,000 TU-4's and by mid-1953 about 1,200. By mid-1953 the USSR also may have approximately 100 long-range bombers capable of round trip missions against nearly all vital targets in the U S. It probably will have by this time substantial numbers of twin-jet high performance bombers capable of atomic attack on Western Europe and US overseas bases, and possibly a jet bomber capable of attacking the US. By mid-1953 the USSR should also have sufficient stockpiles of nerve gas for sustained, extensive employment.

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This estimate was prepared at the request of the Senior Staff of the National Security Council as Appendix A to Parts I and II of United States Programs for National Security.

The estimate was prepared by the Central Intelligence Agency in consultation with the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. The Intelligence Advisory Committee concurred in this estimate on 20 September 1951.

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PROBABLE DEVELOPMENTS IN THE WORLD SITUATION THROUGH MID-1953

I. PROBABLE DEVELOPMENTS IN SOVIET CAPABILITIES AND INTENTIONS ^{1/}

A. Probable Growth in Soviet and Satellite Capabilities.

1. The Soviet sphere will probably continue to increase its military, economic, and political strength over the next two years. Its absolute strength will be considerably greater in over-all terms by mid-1953 than at present.

2. General Military Capabilities. The military strength-in-being of the Soviet orbit should further increase over the next few years. Of greatest significance are a probable improvement in Soviet capabilities for atomic attack and for defense against such attack, the further development of Chinese Communist military strength, and continued growth of European Satellite military power.

a. Substantial modernization programs are continuing in all three Soviet services and Soviet forces should remain at a high state of war readiness. No sizable increase is expected in the Soviet army, which now totals some 2,500,000 men, including 175 line divisions, and can probably mobilize an additional 145 divisions by M + 30 days. While the over-all numerical strength of the Soviet air force is expected to remain substantially the same, Soviet air power will become increasingly effective through continued conversion to jet fighters and bombers, improved

1/ Except in general terms, the position of Communist China is discussed in Section III.

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training standards, operational use of heavy bombers, and acquisition of additional electronic equipment. Moreover, the USSR is increasing its strength in Eastern Europe and the Far East to maintain its relative advantage over Western strength.

b. Atomic Capabilities. 1/ While Soviet atomic capabilities will remain inferior to those of the US, the USSR may have as many as 100 bombs by mid-1952, and as many as 200 by mid-1953. Some of these bombs might have an energy yield as high as 100 kilotons. At present the Soviet air force has an estimated T/O and E strength of about 600 to 700 TU-4 medium bombers capable of one-way missions, carrying atomic bombs, to practically all important targets in the US. Although there is no

1/ Special attention is called to the fact that estimates of the Soviet atomic stockpile are tentative and uncertain because:

(a) The number and/or size of the production facilities postulated as a basis for this estimate may be incorrect. The minimum program, which is not inconsistent with the information available, would provide a stockpile of about one-half the number of weapons indicated. On the other hand, from the information available at the present time, the possibility that additional or expanded production facilities will be constructed during the period under consideration cannot be precluded.

(b) The type of weapon postulated for calculating the stockpile figures may be incorrect. It is possible by changing the weapon design to substantially increase or decrease the number of weapons in the stockpile, given a certain quantity of fissionable material. Such changes, however, alter the kilotonnage of the individual weapons accordingly.

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evidence that the USSR has developed aerial refueling techniques, with such techniques these aircraft may be capable of two-way missions to most important US targets. By mid-1952 the USSR may have approximately 1,000 TU-4's and by mid-1953 about 1,200. By mid-1953 the USSR also may have approximately 100 long-range bombers capable of round trip missions against nearly all vital targets in the US. It probably will have by this time substantial numbers of twin-jet high performance bombers capable of atomic attack on Western Europe and US overseas bases, and possibly a jet bomber capable of attacking the US. By mid-1953 the USSR should also have sufficient stockpiles of nerve gas for sustained, extensive employment.

c. Soviet air defenses probably will be substantially improved by mid-1953. A good all-weather interceptor aircraft with adequate airborne intercept radar should be available in limited to moderate quantities by that time, and difficulties with ground control intercept radars should be largely overcome. Moreover, improved antiaircraft defenses with modern radar equipment must be expected.

d. The USSR will probably considerably improve its submarine warfare capabilities by mid-1953 in view of the known Soviet modernization and construction program. At present the USSR has an estimated 361 submarines. More than half are ocean patrol and medium-range submarines of considerable endurance, and of these over 100 have the capability of patrolling in US coastal waters. Their operations would include torpedo attacks against shipping and mining of ports.

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e. The Eastern European Satellite armies (including the East German) are expected to increase from a present 65 divisions to 117 by the fall of 1953, when Soviet re-equipment programs are expected to be completed. By that time these forces, despite some qualitative deficiencies, should be capable of independent operations with Soviet logistical backing or joint offensive operations with the Red Army. The East German Alert Police of 52,000 is capable of rapid expansion, with Soviet help, to 24 Soviet type rifle divisions. However, a force of only eight divisions is apparently contemplated at present due to the limitations imposed by the manpower demands of the East German economy. Unless the Korean war is prolonged, intensified, or broadened the Chinese Communist forces should also be materially strengthened with Soviet aid and technical support.

3. Capabilities for particular operations. The Soviet bloc will probably by mid-1953 still be able to carry out almost all of the offensive operations of which they are presently considered capable, except in the unlikely event that the effectiveness of new weapons developed, produced and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

a. The USSR should still be able to overrun Western Europe and the Near East by mid-1953, although growing NATO strength will increase Western defense capabilities and lengthen correspondingly the time required for Soviet operations.

b. The USSR is already capable of an atomic attack on the continental US. Although US air defenses will be substantially improved by mid-1953, Soviet capabilities for attack on the US may be even more significantly increased, and the US will still be seriously vulnerable to such an attack.

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4. Political and Psychological Warfare Capabilities. The Communists will continue to have extensive propaganda, subversive, and obstructive capabilities, both overt and covert, in Western Europe over the next two years. Moreover, Soviet and Chinese Communist capabilities in the Far East will probably considerably increase.

5. Economic Strength of the Soviet Bloc. The over-all economic strength of the Soviet orbit will remain far inferior to that of the Western Powers over the next few years, and little change is likely by 1953 in relative productive capacities. For example, US, Canadian, and Western European raw steel output should continue to be four times as great as that of the Soviet bloc, rising to roughly 175,000,000 tons in 1953 as compared to an estimated 43,000,000 tons for the Soviet bloc. However, the Western Powers will continue to be less able than the USSR to bring their over-all resources to bear on maximizing economic readiness for war. The Soviet economy is already at a high state of war-readiness and its productive capacity is at such a level and of such a character as to enable the USSR to maintain a major war effort. Although the expansion of the NATO mobilization base will substantially narrow the gap between Western and Soviet economic war-readiness by mid-1953, the USSR will still maintain a substantial lead. Continued large-scale arms production and stockpiling during the next two years will further increase Soviet economic war-readiness and extend the period over which the USSR could expect to conduct large-scale offensive operations. Increased industrialization in the European Satellites and their further integration into the Soviet economy will also contribute to Soviet war potential.

6. However, certain sectors of the Soviet economy are highly vulnerable to air attack and will probably remain so for the period of this estimate despite Soviet efforts to improve their air defenses, continued dispersion of facilities and a more complete system of reserve stocks. Moreover, certain economic

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weaknesses will still persist within the Soviet bloc, particularly a shortage of merchant shipping and deficiencies in such items as oil, crude rubber, certain machine tools and precision instruments, some non-ferrous metals and alloys, and some electrical equipment. Western trade controls already have some impact, and to the extent that these controls are tightened such deficiencies will become more important. However, apart from the effects of US bombing, it is unlikely, in view of the Soviet stockpiling program and the probable development of substitutes, that these deficiencies will seriously affect Soviet capabilities for a long war. Although inferior by US standards, the Soviet land transport net is probably also adequate for a major war.

7. Internal Stability of the Soviet Sphere. Despite continuing tensions within the Soviet bloc, Communist control seems assured for the period of this estimate. The only appreciable likelihood of serious internal strains would be in Communist China if it remained embroiled in hostilities in the Far East (see Section III.) While chronic difficulties will persist in the Sovietization of the European Satellites, they should be brought under even firmer Soviet control. Domestic dissatisfaction with the deprivations created by the forced pace of industrialization, agrarian collectivization, and rearmament will be a constant in the Soviet orbit, but no serious threat to the USSR.

B. Probable Soviet Policies through Mid-1953.

8. Soviet Objectives. It can be assumed that over-all Soviet objectives will remain the same as outlined in NSC 114. The primary short-term aim of Soviet policy will continue to be the obstruction of further growth in Western strength and unity. The USSR must be increasingly concerned with the pace of Western countermeasures, which it doubtless views as an ever more serious threat not only to the early accomplishment of its over-all objectives but eventually to the security of the Soviet orbit itself. In particular, the USSR must fear growing US military power and its projection into a series of overseas bases

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encircling the Soviet bloc. It must also be seriously disturbed over the approaching rearmament of Western Germany and Japan, both with potential revisionist aims vis-a-vis the Soviet bloc. The USSR's acute sensitivity to these developments is amply evident from recent Soviet cold war moves. While the USSR may still see sufficient opportunities to justify a continuation of its present aggressive cold war policies, mounting Soviet concern as Western countermeasures develop further may lead to a change in tactics by the USSR. With the rising curve of Western strength, the possibility of such a change will become progressively more acute.

9. Continued Aggressive Political Warfare. For the time being, however, it appears likely that the USSR will continue its present aggressive policy of political and psychological warfare. Despite the increased strength of anti-Communist forces, the USSR and Communist China probably see various revolutionary and subversive opportunities still open to them, particularly in Asia. They may be expected to continue their penetration of adjacent areas, promoting Communist coups wherever the situation seems favorable. The Communist forces will also attempt through local strikes, propaganda, and other means to obstruct Western rearmament and undermine the stability of free nations.

10. The USSR doubtless also sees possibilities of creating rifts between the non-Soviet countries, given the present acute stage of world tensions, and will make every effort to divide the Western Powers. Further Soviet initiatives to forestall the rearmament and pro-Western orientation of Germany and Japan are almost certain. Against a background of continued threats, the USSR will almost certainly intensify its propaganda and diplomatic "peace offensive" to convince the world that the "aggressive" course of the US and its allies is leading to a new war, thus playing on Western fears and attempting to weaken popular support of Western countermeasures.

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11. While continuing its efforts to undermine Western Europe, the USSR will continue to devote much attention to Asia. The USSR and Communist China undoubtedly consider that favorable revolutionary and subversive opportunities exist in the Near and Far East, where the decline of Western influence and control has created serious instability. The Kremlin might hope that through stimulating local strife and civil war in such areas, it could either expand its own sphere of control and deprive the West of important resources or dissipate Western strength in costly and inconclusive military and economic countermeasures.

12. Further Soviet or Chinese Communist local aggression, particularly in Asia, is also possible during the next two years. Chinese Communist invasion of Indochina or Burma and Satellite invasion of Yugoslavia are serious possibilities (see Section III). To the extent that the Kremlin considers it necessary to eradicate the Tito heresy before Tito or the West become too strong, the USSR may feel compelled to act soon. If critical situations arise in other areas, such as Iran, which offer inviting opportunities, possible Communist intervention cannot be discounted. However, a probable major factor in any decision for or against any such overt expansion will be the Soviet and Chinese Communist estimate of the resultant risks of general war and their willingness to accept those risks. In view of the US and UN reaction in Korea, the growing pace of Western rearmament, and the ever sharper delineation of the East-West struggle, the USSR probably now considers that further local aggression would entail serious risks of general war. Before deciding on such local aggression the USSR would certainly consider not only Western capabilities in any particular area but also over-all US capabilities against the USSR.

13. Although the USSR might under certain circumstances deliberately precipitate general war (see paragraph 15), it appears more likely that such a war, if it comes, would result from Soviet misjudgment of US action in a given situation

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or from the inability of either the USSR or the US to yield in cases where they regarded their vital interests as involved. The most immediate danger of such a development would be in event of a prolongation, intensification, or broadening of the Korean conflict. If under such conditions the Communist forces in Korea were threatened with decisive defeat the Kremlin would probably intensify its aid. This aid might well include the introduction of "volunteer" forces. It might even include the employment of Soviet forces to such an extent that a de facto local war between the US/UN and USSR would exist. In the event of critical developments in other areas as well as in Korea, the increasing tenseness of the international situation and the growing strength of both sides, which might lead to an increased determination to defend what each considered to be its vital interests, will make the danger of general war through accident or miscalculation considerably more acute.

14. Possibility of a Major Shift in Soviet Tactics. While it appears likely that the USSR will for a time continue its aggressive cold war pressures, the further growth of Western strength and counterpressures during the coming period may produce a shift in Soviet tactics. Viewing the last three years' developments, the USSR may consider that its postwar revolutionary and expansionist opportunities, except perhaps in Asia, are steadily narrowing and that continued cold war pressures are unlikely to pay off. The Kremlin may consider that such cold war pressures are only generating relatively greater Western countermeasures, which might eventually, particularly if they include German and Japanese rearmament, produce a situation dangerous to the vital interests of the USSR itself. Therefore, if the USSR is to achieve its immediate primary objective of forestalling a decisive increase in Western strength, it may be increasingly faced with the necessity of a shift from aggressive political warfare to some other approach.

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15. Deliberate Initiation of General War. It is impossible to predict whether or at what point the rising curve of Western strength might lead the USSR to consider this trend so serious a threat as to require a resort to force before the West reaches a strength dangerous to the vital interests of the USSR. The risk of such a development will become more acute as Western defense programs progress, particularly in regard to German and Japanese rearmament and the development of US overseas bases. The USSR is increasing its already high state of war-readiness and continuing its systematic domestic propaganda campaign to prepare the Soviet and Satellite peoples psychologically for possible war. Moreover, the USSR, with its intense suspicion of Western motives, may consider present Western defensive preparations as a prelude to eventual action by the Western Powers to force a choice between war and unacceptable concessions upon the USSR.

16. The USSR presumably recognizes that its still inferior over-all war potential, together with Western atomic superiority, would make the outcome of a general war doubtful, despite initial Soviet successes. Nevertheless, this consideration cannot be accepted as necessarily controlling the USSR's decision and the period through mid-1953 will be one of acute danger of global war. If convinced that the circumstances described above dictated a military showdown with the West during this period, it is possible that the Soviet rulers would themselves precipitate such a showdown at a time and under circumstances that they considered most favorable. It is alternatively possible, however, that they would for at least a period concentrate their attention on moves designed to maximize their immediate readiness for the impending conflict. These moves would include further steps in the military and economic mobilization of the Soviet Union and the Satellites. At the same time, the Kremlin and its Satellites might undertake local aggressions aimed at improving the immediate position of the USSR. The USSR would have to weigh the prospective

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gains in such local aggressions against the danger that such aggression might touch off general war at a time and under circumstances unfavorable to Soviet interests. But the Kremlin would make its assessment in this regard against the background of a belief that general hostilities were imminent in any event.

17. A Relaxation of Tensions. As an alternative to deliberate Soviet resort to early general war, if the Kremlin considered that there were compelling reasons against this course of action, the USSR might decide to make a temporary shift, at least in Europe, to new and less obviously aggressive tactics, designed to lull the West into a false sense of security and undermine growing Western strength. Considering that its present aggressive postwar policies had reached the point of diminishing returns and were engendering ever more threatening Western countermeasures, the USSR might see in this alternative method of political warfare even better opportunities of undermining the growing strength and cohesion of the West. Such a tactical shift would not necessarily imply that the USSR would suspend all its aggressive and subversive tactics; it might adopt a softer policy in Europe, for example, while continuing to expand in Asia. Moreover, a shift to such a course would be only temporary, and it is impossible to say at what point, if ever, the USSR might consider it necessary to adopt it, or how far it might be willing to go. There are strong grounds for believing that the USSR would in any case be unwilling to make the major concessions which would appear to be necessary to assure such a policy's success.

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II. PROBABLE GROWTH OF NATO STRENGTH AND WILL TO FIGHT

18. Except in the event of a marked reduction in US aid, some improvement in Western European strength and morale seems likely by mid-1953, although less than that anticipated from US and NATO programs. Further progress toward achieving MTDP goals, continued expansion of Europe's economy, a more unified and efficient NATO and intra-European effort, and the probable integration of West Germany into the Atlantic Community will all contribute to this improved position. Nevertheless, certain countries will still be deficient in political initiative and popular will to sacrifice and Western Europe will remain subject to dangerous economic and social stresses. It will still be vulnerable not only to Soviet occupation but to Soviet cold war pressures through mid-1953.

19. NAT Military Strength. By mid-1953 the European NATO forces should be considerably stronger than at present if there is a continued high level of US aid. European defense budgets and military production will probably increase over the next two years and although forces in being will fall short of phased MTDP requirements, their morale, leadership and combat readiness should be markedly higher than at present. However, available European NATO forces will still be insufficient to do more than delay a full-scale Soviet attack, except in the unlikely event that the effectiveness of new weapons developed, produced, and actually deployed by the West should offset the present preponderance of Soviet military strength on the Eurasian continent.

20. Broadening of the NAT Coalition. The formal or informal association of Greece, Turkey, Spain, Yugoslavia, and Western Germany with the NAT defensive coalition, which, despite varying degrees of European reluctance, should be consummated in the coming period, will be a major increment to NATO strength. The developing integration of these countries either directly or

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indirectly into the NATO structure and the strengthening of their forces should help to offset the increases in Soviet and Satellite strength. The southern flank of SHAPE should be materially strengthened, partly by a greater availability of Mediterranean bases. However, numerous political and psychological obstacles will continue to delay the optimum utilization of Yugoslav, West German, and Spanish potential and to postpone the date at which these nations can make a full contribution to European defense. It seems unlikely, for example, given the continuing obstacles to a West German contribution, that a sizable contingent of combat-ready German forces will become available before some time in 1953. Moreover, to the extent that the Western Powers do not meet German demands for full equality, German cooperation may be delayed.

21. Economic Burdens. Despite the marked degree of economic recovery during the ERP period, Western Europe's economy is being subjected to new strains by NAT rearmament needs. Inflationary pressures and raw materials shortages generated by rearmament, persistent economic nationalism, and the continuing reluctance or inability of many governments to take the necessary measures to cope with economic maladjustments will all hamper both optimum defense output and continued economic expansion. Nevertheless, the next two years should see a small rise in European production and a small and uneven increase in living standards, despite rearmament drains. Much will depend upon how far national economic policies can minimize the economic repercussions of rearmament while maximizing European defense efforts. Finally, a great deal will depend upon the extent to which not only US economic aid but US materials allocations and economic trends in the US itself permit a continued expansion of European production. Because of a worsening balance of payments situation in the UK, for example, increased US aid may be required if a satisfactory rate of British defense build-up is to be achieved.

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22. Political and Psychological Factors. The poor state of European morale, still deficient popular will to sacrifice, and a lack of vigorous governmental initiative, particularly in key continental countries, will continue to hamper the achievement of NATO objectives. Despite the marked degree of postwar European recovery there still persists in many continental countries a serious lack of governmental and popular confidence in Europe's ability to solve its economic and social problems, and to defend itself against external attack. Popular morale and confidence will be bolstered as NATO and other programs develop, but will long remain an uncertain factor, particularly in event of war.

23. While no seriously adverse internal political developments appear likely in any Western European countries, a marked improvement in political stability seems at best problematical. The chief areas of uncertainty are France and Italy, in both of which the position of existing governments will continue to be precarious. This in turn prevents them from dealing vigorously with military, political, and economic problems. Nevertheless, some form of coalition should be able to maintain its present controlling position in France and Italy, unless a seriously worsening economic or international situation leads to an acceleration of the trend toward polarization of the political scene. The powerful French and Italian Communist parties will probably maintain substantial strength, but their obstructive role should be somewhat reduced unless rearmament creates major economic stresses on which they can capitalize.

24. Progress of the Alliance. Supranational institutions of European unity -- specifically the European Defense Force and the Schuman plan administration -- should develop during the next two years, but there is no indication that any European state is yet prepared to form a true federation with its neighbors. Within NATO the problems of rearmament will probably dictate a further unification of effort by mid-1953, though among the treaty powers and those associated with them the problem of conflicting national objectives will continue to hamper the development of maximum strength. The continuing debate over the sharing

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of rearmament burdens, the constant threat of rearmament to social reform and welfare programs, the problem of trade with the East, the struggle for markets within and outside Europe, the part Germany is to play in the alliance -- all these will be exasperating and sometimes frustrating problems with which the West must deal. Added to all these will be the difficulties always posed by an ambivalent Europe looking to the United States for strength and power yet envious of American leadership and often doubtful of the aims and methods of American policy. Nonetheless, mid-1953 should find the alliance stronger than at present and better organized than it is now.

25. On the other hand, if the USSR could remove some of the fear of World War III and Soviet invasion, European popular willingness to shoulder the burdens of rearmament would almost certainly lessen, and there would be strong pressure on the governments to divert resources from the NATO effort to meet pressing economic and social needs.

26. In any case the US will continue to face serious problems arising from the failure of its European NATO partners to meet present rearmament goals. Even if the Western Europeans were willing and able to assume a larger share of NAT defense burdens, adequate NATO rearmament would still be impossible without large-scale US military and economic assistance. In view of the continuing uncertainties of the European situation, much will depend therefore, during the period of this estimate, on US leadership and support. A substantial reduction in US assistance over the coming period would seriously jeopardize European economic and political stability, as well as the creation of an adequate NATO defense.

III. PROBABLE DEVELOPMENTS IN THE NEAR AND FAR EAST

27. No decisive outcome of the East-West struggle in Asia seems probable during the next two years. At present it appears

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unlikely that the US and its allies will be able to do more than maintain or perhaps slightly improve their present unsatisfactory position in the Near and Far East, while on the other hand there is acute danger of major deterioration. The East-West conflict has become increasingly acute in the Far East, and will remain acute so long as Communist China plays an expansionist role. The threat of Communist expansion in the Near East and South Asia is by no means as immediate, but in these areas as well as in the Far East, the Western position is seriously threatened by the anti-Western cast of the Asian nationalist revolution. This anti-Westernism, combined with social tensions, poverty, governmental and military weakness, and naiveté or lack of concern about Communist objectives, makes most Asian states vulnerable to Communist exploitation and complicates US efforts to bolster them internally. In the Far East in particular, the Communists have succeeded to a large extent in identifying themselves with the Asian revolution, and in encouraging its anti-Western aspects. In those areas where Communism has gained no firm foothold, Asian nationalism has expressed itself in acute suspicion of US motives and a persisting trend toward neutralism. However, the continued economic and military dependence of the free Asiatic countries upon the Western Powers provides them an inducement to align themselves with the West.

28. The USSR and Communist China will present a serious threat to US interests in the Far East through mid-1953. Unless subjected to continuing economic and military stresses from a prolonged, intensified, or broadened Korean war, the Chinese Communist regime may be able to strengthen itself over the coming period by modernizing and strengthening its armed forces, by further consolidating its domestic control, and by making some progress in solving its economic problems. The Peiping regime will play an increasingly influential role in Asian affairs by virtue of its growing prestige and through the influence it exerts over Asian revolutionary movements. The USSR will probably continue to provide substantial military and technical help, although its economic aid will almost certainly

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all far short of Chinese requirements. However, a prolonged, intensified, or broadened struggle with the US and its allies might critically weaken the Peiping regime unless the USSR provided much greater military and economic aid.

29. While frictions may develop between the USSR and Communist China and there remain long term possibilities of a major clash of interests, it appears unlikely that any serious rifts will develop in the next two years. Ideological affinity and mutual antagonism toward the West, as well as common fear of Japanese resurgence, probably dictate a continued close relationship, at least over the short term.

30. It seems almost certain that Peiping intends to play an aggressive, expansionist role in the Far East. While problems of internal consolidation and development and a continued lack of naval strength should prevent China through mid-1953 from mounting a serious threat to the US-dominated offshore island chain (except perhaps Taiwan), there will remain an ever present danger of Chinese Communist aggression against such adjacent mainland areas as Indochina, Burma, and South Korea. While the Korean war has somewhat restricted Chinese Communist capabilities for operations elsewhere, such capabilities should increase in the event this conflict is ended. In any case Communist China will almost certainly increase its covert support of indigenous revolutionary movements. It may consider that the prospects for eventual success by these methods, particularly in Southeast Asia, are sufficient to make unnecessary overt intervention with its risk of war with the West.

31. The probable emergence of a politically stable and pro-US Japan will help to establish an East-West balance of power in the Far East. However, the revival of Japan's power potential will inevitably be a long term development and Japan alone will by no means be able to counterbalance Sino-Soviet strength in Northeast Asia in the next two years. Moreover, anti-Western sentiment may develop in post-treaty Japan, and if Japan fails

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to find markets and raw materials in non-Communist areas, there may develop an insistent demand for economic collaboration with the Asian mainland. Under these circumstances, there will be a continuing substantial requirement for US assistance, particularly in the development of foreign trade. However, the continuance of a conservative anti-Communist government should tend to support US interests, and over the next two years at least Japan should be a growing asset to the Western position in East Asia.

32. The chief immediate danger of a critical development in the Far East lies in a prolongation, intensification, or broadening of the Korean war (see paragraph 13). Even if some compromise solution were reached in Korea, the US would still be faced not only with the constant threat of renewed aggression in Korea or elsewhere in Asia and the consequent necessity of maintaining large forces in the Far East, but also with major reconstruction problems in South Korea. The reconstituted North Korean forces, together with the Chinese Communists, will have a continued capability for re-occupying South Korea in the event US and UN forces are progressively withdrawn. The rebuilding of South Korean security forces and the rehabilitation of the prostrate South Korean economy will in any case constitute formidable tasks.

33. Southeast Asia will continue to be extremely vulnerable to Communist penetration. There is no prospect for early development of strong anti-Communist governments in the area and a real danger exists that, with increased Chinese Communist assistance or even overt intervention, indigenous Communist movements may extend their control over more of Indochina and Burma within the next two years. If these countries were to fall, Thailand would doubtless prove unable for long to withstand Communist pressure, and the situation would also deteriorate further in Malaya, Indonesia, and the Philippines. In any event, all Southeast Asian countries will remain weak and unstable during the coming period, and may require increasing amounts of outside assistance, including

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military assistance, even to maintain themselves. In the absence of major Communist successes in Indochina or Burma, the situation in Malaya, Thailand, and the Philippines should improve by mid-1953, although long term problems of local insurgence, political instability, and economic development will still remain.

34. The Nationalist military position on Taiwan should gradually improve with US aid. Enhanced Nationalist capabilities for harassing the mainland will require an increased allotment of Chinese Communist strength for coastal defense. However, the security of Taiwan will continue to be hampered by the regime's economic difficulties, general inefficiency and corruption, and will require close US control if US military and economic aid is to be effective.

B. Probable Developments in the Near East (and North Africa)

35. In the Near East the serious possibility of a deterioration in the situation overshadows the limited possibilities of improvement over the next two years. At present, except in Greece and Turkey, the West is faced with a growing crisis in which the chief motivating force is not Communist pressure but the anti-Western nationalism of Iran and the Arab world. The growing strength of Greece and especially Turkey and the widening system of US Mediterranean bases should be positive favorable influences in this area. However, these factors will probably be counterbalanced by continued Arab-Israeli animosity, further deterioration of the British system of alliances, and nationalist hostility toward the West. Active Soviet intervention in the Near East seems unlikely, except possibly in Iran. More likely is a further growth of neutralism, which might limit US-UK utilization of the area's strategic position and petroleum resources. Improvement of the existing unsatisfactory US-UK position in the Near East (except in Greece and Turkey) will depend largely upon the successful solution of the area's economic problems and upon the satisfaction of at least some nationalist aspirations.

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36. Developments in Iran will depend largely upon the outcome of the current oil controversy, but in any event Iran will probably remain internally unstable during the next two years. While successful negotiations with the British might substantially increase Iranian revenues, it is doubtful whether effective use would be made of these revenues. Failure of the negotiations may well lead to economic chaos and increase the danger of a Communist (Tudeh) coup. Overt Soviet intervention remains unlikely unless the UK intervenes with armed force, in which case the USSR might occupy Azerbaijan.

37. In the Arab states social and political instability, anti-Zionism, and extreme nationalism will hamper the achievement of US objectives through mid-1953. There is little likelihood of sufficient improvement in Israeli-Arab relations to permit their joint association in Near East defense. Arab resentment over US support of Israel also creates problems for the US. Nationalism will continue to undermine UK influence and seriously jeopardize British retention of their important Egyptian bases. However, despite the trend toward neutralism in the Arab countries, there is some increased awareness of the Soviet threat and, particularly if an increased Soviet threat developed, the Arab states might more willingly cooperate with the West. Their price would probably be a sharp increase in the amount of US aid.

38. Israel's ultimate orientation is uncertain, despite its economic dependence on the US and its stated awareness of the Soviet threat. Continued immigration and a paucity of resources prolong economic instability and there is some danger that Israel might seek an outlet through renewed expansion at the Arabs' expense.

39. While violent explosions in French North Africa may not occur over the next two years, rising Arab nationalism, fanned by extremists in the Arab states, will create increasing instability in this area and also in Libya, and may affect the security of US bases.

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C. Probable Developments in South Asia.

40. Developments in South Asia over the next two years will depend largely on the outcome of the Kashmir dispute. Realization of the effect that war would have on the disputants might result in greater readiness to compromise, and some de facto if not negotiated settlement may emerge. The resulting increased stability in the area would be favorable to US interests. Pakistan may be able to give more positive expression to its pro-Western leanings and, if given US support, may provide bases and troops for the defense of the Middle East. Although India is far less likely to abandon its neutralist policy, at least so long as Nehru remains prime minister, continued Chinese Communist penetration of Southeast Asia, especially Burma, might lead India to adopt a more forceful anti-Communist policy. On the other hand, if continued friction over Kashmir leads to war, the resulting economic stresses and communal disorders would leave both India and Pakistan prostrate and vulnerable to Communist penetration. In any event, the deep seated social and economic ailments of the area, and particularly of India, preclude the development in the short run of strong states capable of adding significantly to the power of the Western coalition.

IV. PROBABLE DEVELOPMENTS IN LATIN AMERICA

41. The situation in Latin America through mid-1953 should continue to be favorable to US interests, despite certain internal problems and a persistent isolationist attitude among large segments of Latin American opinion. The area's trade position has improved since the Korean war and is likely to improve further. All but a few governments are pro-US, and only in Argentina and Guatemala are there pronounced anti-US attitudes in high official circles. The chief present problem in Latin America is the maintenance of political and economic stability, both of which have been increasingly threatened in the last two years.

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42. Important obstacles to full Latin American support of US policies are the persistence of isolationist sentiment and unwillingness to make sacrifices in the East-West conflict, which to many Latin Americans appears primarily as a struggle between the US and USSR. The force of isolationist and nationalist opinion, particularly in countries where important elections are approaching, has obstructed direct military aid to the UN in Korea, and has caused pro-US governments to act cautiously in US negotiations to secure strategic materials. Communist strategy has been to play upon this isolationism by attacking Latin American bonds with the US. Soviet adoption of a more conciliatory policy would increase the susceptibility of isolationist groups and complicate the task of governments desiring to cooperate with the US. Nevertheless, in the event of a major crisis, most Latin American governments would act in the spirit of the Rio Treaty.

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